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# **Comments on Reauthorization of The Workforce Investment Act**

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**Submitted to the Education and Workforce  
Committee, U.S. House of Representatives**



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### **Introduction**

Jobs for the Future, a national policy and research organization active in the workforce development field since 1984, is pleased to submit these comments on the reauthorization of the Workforce Investment Act. Our comments focus on the adult provisions of the Act.

Our comments are informed by recent research we have conducted with employers, employer organizations, and others on the strengths and weaknesses of the current workforce development system from the perspective of employers and their low-wage, low-skill employees. We are particularly attentive to ways in which the reauthorization process can strengthen WIA's attractiveness and relevance to employers.

Our comments are organized around the following issues:

**Mix of services:** We propose revisions to increase funds available for training.

**Employer engagement and services:** We suggest provisions that can improve employer engagement and the quality of services to employers.

**Performance measures:** We advocate for further strengthening of performance measures tied to employment, retention, and advancement goals

**Goal and purpose:** We advocate for a more explicit commitment to advancing low-wage, low-skill employees to family-sustaining wages.

**Relationship to TANF:** We propose ways for the adult workforce system and the TANF welfare system to be better integrated and to collaborate more effectively at the state and local levels.

### **Mix of Services: Greater Access to Training**

If there is a single clear complaint about WIA from workforce professionals and the employers they serve, it is the decrease in training opportunities available compared to pre-WIA federal employment and training programs. The lion's share of WIA resources has been used to build the infrastructure for job search activities in the form of the One-Stop system. The costs of establishing and running the One-Stop and new Labor Market Information infrastructure, combined with the mandated sequence of core, intensive, and training services, have made it difficult for many localities to provide skill development

opportunities to large numbers of individuals who would benefit from such investments.

In the coming reauthorization, the bias in practice against training services should be eliminated through provision of greater flexibility to states and localities to use their resources for services they deem most needed, given local economic conditions, and through separate funding of the development of the infrastructure of the system.

**Recommendation:** WIA should eliminate the strict requirement of sequential services and enable local areas to develop individualized service plans that mix core, intensive, and training services as needed for particular job-seekers and low-income workers. This flexibility must still be guided by the broad goal of helping job-seekers and low-income workers advance toward an income that allows for self-sufficiency. Reauthorization should therefore maintain the current priority of serving low-income individuals when resources are limited.

**Recommendation:** Congress should expand funding for adult services so that states and localities have sufficient resources to provide training services, not just fund the operations of the One-Stop and its core services. Congress should consider whether states and localities would find it useful to have the funding stream for the One-Stop system infrastructure separated out from funding for intensive and training services.

**Recommendation:** Congress should consider using some portion of WIA funds, over and above state formula grants, as an incentive to states to invest funds from other sources in training programs and services designed to help low-income workers advance to better jobs and careers. Additional WIA funds could be triggered by demonstration of a match from other public or private sources, thereby leveraging more resources for training.

### **Employer Engagement and Service: Employers as Customers**

WIA has wisely brought to our nation's public workforce system greater emphasis on employers and their needs and interests. This should be strengthened. Programs that meet the real skill needs of employers—through effective labor market information services, aggressive placement activities, and employer-specific training and job preparation—can help low-wage job seekers advance to better-paying opportunities and help employers meet their ongoing skill and workforce needs.

Reauthorization can make it easier for states and localities to serve and engage employers effectively, in practice and not just in rhetoric and intent.

**Recommendation:** WIA can strengthen its responsiveness to quality local employers in several ways:

- ***Give employers significant planning roles in local efforts:*** Efforts to engage employers in the WIA system often focus on issues of governance of the public system. In our view, based on interviews with employers, the most important impetus to employer involvement is not the composition of the local Workforce Board but the responsibilities and leadership roles that employers are encouraged to take on. In general, employers should be more involved in strategic planning efforts of the local WIB and less involved in operational decisions. Employers should have a significant role providing input and guidance on local economic trends, the changing workforce needs of high-demand industries and occupations, and ways that the workforce system can address local economic and employment needs most effectively.
- ***Encourage provision of employer services that meet employer needs:*** Employers will use the public workforce system if it is dependable and provides high-quality services. Such services include: organizing and aggregating employers' training and workforce needs by a knowledgeable third-party; and assisting employers in addressing their hiring, retention, and training needs, frequently linked to other organizational changes that can spur growth and profitability. Employers would like the public system to operate more as an economic development support than a human services agency. To meet employers' needs more predictably and effectively will require professional development for One-Stop and WIB staff, leadership that drives a cultural shift supportive of employer service, and a commitment to contracting with service providers that employers value. Allowable uses of WIA funds should take this perspective into account and encourage WIA spending on marketing to employers and on building employer demand for valued services.
- ***Require employer role in application for training funds:*** For training funds that do not follow the individual in the form of Individual Training Accounts, WIA should require that employers or consortia of employers be co-applicants for funding. This would ensure that the training a local WIB contracts for is of high priority to local employers and targeted to jobs and skills that are in high demand in the local economy.
- ***Make it easier for employers to provide training and intensive services to more low-skill incumbent workers:*** Eligibility for intensive services and training services is currently limited to those below the lower living standard income level. Employers would have more flexibility to provide training and greater incentive to engage with the local WIA system if that threshold were raised to an income level closer to self-sufficiency. This would encourage use of WIA resources

to help employers of low-skill incumbent workers who need training to advance out of low-paying jobs.

- ***Recognize the importance of local intermediaries:*** Employers with workforce and other concerns frequently turn for help to intermediary organizations that have deep knowledge of their industries and their members. Employer organizations, non-profit partnerships, labor-management groups, even community colleges can play this intermediary role, adding value by organizing industry collaboration, identifying occupational skill requirements, packaging public resources, and building alliances with non-employer organizations that provide valued workforce-related services. One-Stops may play this intermediary role, but WIBs may determine that it is more effective for organizations whose scope is the regional labor market or a particular industry to play such a role. Congress should include in WIA incentives that encourage WIBs to partner with intermediaries for marketing services to employers, representing employer needs, advising and assisting employers on strategies to meet workforce needs, and working with groups of employers to improve the pipeline for labor and skills in high-demand occupations.
- ***Promote career ladder advancement programs:*** The U.S. Department of Labor has a good track record for promoting innovation in the design of workforce development institutions and programs through competitive grant programs, such as the H1-B visa program, regional skills alliances, and sectoral initiatives. WIA should create an innovation fund to promote industry-based career ladder programs, along the lines of the BusinessLink program included in the Senate Finance Committee's TANF reauthorization mark-up. These initiatives are characterized by a focus on both employer needs and the interests of low-wage workers to move up from entry-level employment through a coherent package of skill development opportunities and structured job moves. The fund should promote innovation that has a "dual-customer" approach, serving the needs of employers and job seekers/low-wage workers, with the aim of advancing low-income individuals to self-sufficiency. The involvement of intermediary organizations should be encouraged, and the involvement of representatives of the local industry or sector should be required.
- ***Maintain a performance measure that assesses employer satisfaction:*** WIA should maintain a measure of employer satisfaction, given the emphasis on employers as a key customer of the system. Employer customer satisfaction surveys, which are a welcome aspect of WIA, tend to address satisfaction with the major activity of One-Stops: hiring services. Employer customer satisfaction survey topics should be better specified, so that local areas collect useful data on local employers' experience with different specific services and

components of the WIA system, including hiring services, skill development, and post-placement retention services. If surveys are seen as too cumbersome, an alternative measure of employer satisfaction should be considered. Some localities track the number of employers served by the system and the number of employers who are repeat customers of the system.

### **Performance Measures: Reinforce the Advancement Goal**

WIA performance measures include a focus on employment, retention, and earnings gains. Reauthorization should strengthen this emphasis. Local practitioners have suggestions about ways to streamline and reduce the burden of data collection and reporting. The administration has proposed common performance measures in an attempt to simplify the reporting burden.

Performance measures should be limited and simple, and they should not discourage local innovations to meet local labor market needs. Employers we have interviewed are concerned that the earnings measure as proposed will be a disincentive to invest in incumbent worker training. They also express concern that the efficiency measure will drive the choice of services provided to the cheapest rather than the highest-value investments.

***Recommendation:*** In addition to maintaining an employer satisfaction measure, we recommend consideration of additional measures to improve system performance. Performance measures should address the following gaps in current measures:

- ***Create measures of outcomes of core services:*** The bulk of WIA funds goes to building and sustaining the One-Stop system infrastructure and the core services provided through the One-Stops. Yet no performance measures in the Act address the effectiveness of core services for those being served. This oversight should be addressed, particularly in light of the inadequacy of funding available for training services.
- ***Create measures that capture progress toward self-sufficiency:*** While self-sufficiency must be a long-term goal for low-skill and low-income individuals served by the public workforce system, there are currently no measures of progress toward that long-term goal. WIA should create a measure that captures progress of participants toward self-sufficiency. This must be done carefully, so that states are not penalized for economic changes beyond the power of the workforce system to affect, and so that it is feasible to track progress over time. A quantifiable guide to progress toward the stated goal of the Act is needed.

## **Goal and Purpose: Self-Sufficiency, Not Just a Job**

WIA marked a historic shift in national employment and training policy. One important change was a new emphasis on the goal of retention and earnings increase for low-skill workers. Reauthorization should go further in this direction.

***Recommendation:*** The goal of the nation's public workforce system should be long-term economic self-sufficiency for the individuals it serves, defined in terms of advancement to jobs and careers that pay wages high enough to support a family. This goal should be reflected in performance measures, in eligibility requirements for intensive and training services, and in service strategies and funding priorities. A target of wages around 200 percent of the federal poverty level, while falling short of family-supporting wages in some communities and for some larger families, would be a good "stretch goal" for WIA.

## **Relationship to TANF: Integration to Promote Advancement**

There are legitimate concerns from both the welfare advocacy and the One-Stop/workforce communities about the complexity and difficulty of closer integration between TANF and WIA service provisions. The GAO and others have pointed to the difficulty of coordinating the roles of currently mandated One-Stop partners. Adding the TANF agency as a mandated partner will further complicate the work of the One-Stops. Moreover, if TANF reauthorization results in less flexibility for states in serving low-income individual's skill development needs and greater prescription to states and localities about service options, TANF-WIA integration might undercut the flexibility that Congress has tried to build into WIA.

At the same time, there are clear advantages to low-income job seekers and to employers from improved coordination and collaboration between the welfare and workforce systems. For job seekers, access to a broad range of employment services through or linked to the One-Stop system is of great value. Employers gain access to a broader pool of potential employees.

***Recommendation:*** Given the limited experience with the complex task of bringing these two systems into better alignment, WIA reauthorization should focus primarily on removing barriers to integration that might restrict states and localities that wish to experiment with new collaborative strategies. To this end, Congress should:

- ***Align performance measures for TANF and WIA:*** WIA performance measures emphasize employment, retention, and earnings gains. TANF performance measures should replace caseload reduction and participation rates with performance measures similar to those used in WIA. This would focus states and localities on employment and wage advancement as goals for TANF recipients. It would also make it easier for agencies working with both WIA and TANF funding to

simplify their data collection and reporting and to pool funding from different agencies to serve those in need.

- ***Align missions of TANF and WIA:*** Both WIA and TANF missions should emphasize advancement toward self-sufficiency for low-income adults. To achieve this goal requires easier and broader access to intensive, job-specific education and training services. For reasons noted above, WIA implementation has constrained the provision of training in its first few years. At the same time, current TANF policy makes it difficult to provide training services and skill development to those who need them in order to move up in the labor market. Current congressional proposals could make access to training for individuals eligible for both TANF and WIA services even more difficult to secure. This would be a step backwards for local areas that want to integrate WIA and TANF funds for services that promote advancement, not simply entry-level employment.

## **Conclusion**

Jobs for the Future thanks the committee for the opportunity to share our perspective on WIA reauthorization. We would be happy to meet with committee staff to discuss any or all of these recommendations.